



**United States Department of Justice
United States Attorney's Office
District of Minnesota**

**B. Todd Jones,
United States Attorney**

**Jeanne F. Cooney
Director of Community Relations
(612) 664-5611
email: jeanne.cooney@usdoj.gov**

News Release

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Golden Valley man sentenced for stealing mortgage title insurance proceeds

MINNEAPOLIS – Yesterday in federal court, a 42-year-old Golden Valley man was sentenced for stealing money in a mortgage fraud scheme. United States District Court Judge Ann D. Montgomery sentenced Trent Christopher Jonas to 24 months in prison on one count of wire fraud and one count of money laundering. In addition, Jonas was ordered to pay more than \$5.3 million in restitution. Jonas was charged on November 22, 2010, and pleaded guilty on December 30, 2010.

In his plea agreement, Jonas admitted that from June of 2005 through August of 2007, he misappropriated more than \$5.3 million that was intended to pay for title insurance premiums, title search costs and recording fees in connection with thousands of residential real estate mortgage financing transactions.

Jonas owned and operated Title Source, Ltd. and Zen Title, two title insurance agencies. Both agencies acted as an insurance agent for Ticor Title Insurance Co., a title insurance underwriting company located in Florida, which is a subsidiary of Fidelity National Financial and United General Title Insurance Co. In a mortgage financing transaction, title insurance protects the lender's financial interest in the real property against loss due to title defects, liens or other encumbrances on the title. The person or entity that obtains the mortgage is required to pay the title insurance premiums as part of closing costs. Funds are disbursed at closing to the closing agent, who is responsible for making the payments for title insurance premiums, title search and recording fees.

Due to the contractual relationship with Fidelity, Title Source and Zen Title were mailed checks after closing to perform these services on behalf of the closing agent. Instead, Jonas admitted using the funds for other business and personal expenses. By doing so, Jonas defrauded the mortgage lender, the borrower and the title insurance underwriter, Ticor Title. Ticor Title has

now issued title insurance policies for all homeowners whose premiums went unpaid because of defendant's fraud. Ticor Title has also paid all of the recording fees that went unpaid because of defendant's fraud, which total more approximately \$2.3 million. In addition, Ticor has paid more than \$1.8 million in expenses and losses on claims related to Title Source's and Zen Title's failure to issue policies and record documents.

This case was the result of an investigation by the U.S. Department of Housing and Urban Development and the Internal Revenue Service-Criminal Investigation Division. It was prosecuted by Assistant U.S. Attorney Tim Rank.

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